

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 IO-12

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R 041035 Z MAY 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC 1184

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C O N F I D E N T I A L S A I G O N 7 8 4 4

E. O. 11652: N/ A

TAGS: MILI VS

SUBJECT: U MINH PICKUP OF SOUTH VIETNAMESE CIVIL DETAINEES CANCELLED

FOLLOWING RECEIVED FROM AMCONSUL CAN THO BEING REPEATED

QUOTE

CAN THO 0276

E. O. 11652: GDS

TAGS: MILI VS

SUBJECT: U MINH PICKUP OF SOUTH VIETNAMESE CIVIL DETAINEES

CANCELLED

1. THE MAY 2 PICKUP IN THE U MINH FOREST OF 56 SOUTH VIETNAMESE CIVILIAN PRISONERS WAS CANCELLED LITERALLY IN MID-FLIGHT BY GVN JMC AUTHORITIES IN SAIGON. THE REASON FOR THE CANCELLATION WAS THAT AN ICCS PRISONER INSPECTION TEAM, ORIGINALLY SCHEDULED TO ACCOMPANY THE JMC PRISONER RECOVERY CONTINGENT, DROPPED OUT OF THE MISSION. THE PICKUP HAD BEEN POSTPONED ONCE PREVIOUSLY; SET FIRST FOR APRIL 30, THE RELEASE WAS DELAYED THEN BECAUSE VC NAVIGATORS ACCOMPANYING THE JMC LOST THEIR WAY TO THE CONTACT POINT.

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2. THE REASON FOR ICCS FAILURE TO PARTICIPATE WAS THAT CLEARANCES FOR THEM LAND HAD NOT BEEN SECURED FORMALLY FROM THE PRG IN SAIGON. THE DECISION TO GO WAS MADE LAST WEEK BY THE INDONESIAN CHAIRMAN, THE CANCELLATION THIS WEEK BY THE POLISH CHAIRMAN. FAILURE TO OBTAIN THE CLEARNACE WAS DUE REPORTEDLY TO INDONESIAN OVERSIGHT.

3. THE GVN JMC HEAD IN VI THANH, LTC NGUYEN MAU, THINKS JMC FAILURE TO PRESS ON WAS A MISTAKE. MAU, WHO WAS HIMSELF TO GO, SAID THE PRG WOULD PRH ACTION WOULD BE DISREGARDED. WHEN COMPANY OFFICIAL OBJECTED THAT THIS WOULD BE VIOLATION OF LEGAL CONTRACTS AND COULD AFFECT SALE OF NIGERIAN CRUDE WORLD- WIDE, LOLOMARI BROKE OFF MEETING, PROMISING THAT COMPANIES WOULD RECEIVE FORMAL NOTICE OF FMG INTENTIONS TO TAKE ITS CRUDE STARTING JULY 1. ON MAY 3, PHILLIPS RECEIVED NOTE FROM LOLOMARI CONFIRMING MINISTRY INTENTION AND SAYING THAT IT WILL DISCUSS MEANS OF IMPLEMENTING DECISION WITH COMPANIES SOON. NOTE POINTS OUT THAT VIEWS OF SAFRAP AND PHILLIPS HAD BEEN CONSIDERED.

3. AS REPORTED REFTEL LOLOMARI EARLY IN 1973 INFORMALLY ASKED SAFRAP AND PHILLIPS TO MAKE AVAILABLE ABOUT 27,000 BARRELS PER DAY OF PARTICIPATION OIL TO FMG. WHEN COMPANIES DEMURRED, LOLOMARI WROTE EACH COMPANY IN EARLY APRIL STATING FMG EXPECTED THAT DESIRED CRUDE WOULD BE RELEASED BEGINNING MAY 1. COMPANIES INFORMED LOLOMARI THAT THEY COULD NOT COMPLY BUT WOULD BE PREPARED TO GIVE FMG HIGHER PRICE FOR ITS SHARE OF CRUDE WHICH HAD BEEN COMMITTED UNDER LONG- TERM CONTRACTS AT LESS THAN WORLD MARKET PRICES WHICH NOW PREVAIL. LOLOMARI AGREED TO DISCUSS PRICES, BUT REVERTED BACK TO ORIGINAL DEMAND FOR TURN- OVER OF CRUDE WHEN COMPANIES REFUSED TO AGREE TO VERY HIGH PRICE HEK SET FOR CRUDE. LOLOMARI DID NOTE THAT FMG EXPECTED THAT ITS SHARE OF CRUDE WOULD BE CREDITED TO FMG AT HIS HIGH PRICE UNTIL FMG BEGAN LIFTING ITS OWN SHARE OF CRUDE JULY 1.

4. PHILLIPS' NIGERIAN ATTORNEY HAS ADVISED HIS CLIENT THAT HE DOUBTS SENIOR LEVELS OF FMG WILL BACK ANY ATTEMPT BY LOLOMARI TO PRESS HIS EFFORTS TO OBTAIN CRUDE IN SUCH FLAGRANT VIOLATION OF NIGERIAN CONTRACTUAL OBLIGATIONS. NIGERIAN FINANCIAL AND LEGAL OFFICIALS HAVE BEEN CONSCIOUS OF NEED PRESERVE NIGERIA'S INTERNATIONAL REPUTATTION AND CREDIT STANDING AND WOULD BE MOST UNLIKELY AGREE TO ACTION JEOPARDIZING THIS REPUTATION OVER AN ISSUE PROVIDING SUCH

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LITTLE IMMEDIATE BENEFIT TO NIGERIA AS ABILITY MARKET DIRECTLY

SMALL AMOUNT OF CRUDE. HE DOUBTS THAT LOLOMARI WILL BE ABLE TO TAKE FORMAL ACTION TO IMPLEMENT HIS THREATS WHICH HE FEELS WERE INTENDED TO FRIGHTEN COMPANIES INTO BEING FORTHCOMING. HE HAS EVEN ADVISED PHILLIPS NOT TO MAKE AVAILABLE SMALL AMOUNT OF UNCOMMITTED CRUDE IT COULD RELEASE TO FMG SINCE THIS COULD BE CONTRARY TO CONTRACTUAL AGREEMENT AND MIGHT GIVE FMG LOOPHOLE FOR FURTHER CHANGES. HE BELIEVES COMPANIES SHOULD STICK BY POSITION THAT THEIR AGREEMENTS PROVIDE FMG WITH ORDERLY PROCEDURE TO ACQUIRE ITS SHARE OF CURDE WHICH COMPANIES HAVE BEEN AUTHORIZED TO MARKET ON BEHALF FMG. THIS PROCEDURE ESSENTIALLY REQUIRES SIX MONTHS ADVANCOTTPOTICE IN CASE OF PHILLIPS AND 12 MONTHS FOR SAFRAP AND COMMITMENT BY FMG TO MAKE CASH PAYMENTS FOR PRIOR AND CURRENT EXPENDITURES OF JOINT VENTURE WITH COMPANIES.

5. COMMENT: EMBASSY ALSO DOUBTS THAT KEY CIVIL SERVANTS, SUCH AS AYIDA, ISONG, AND PROBABLY ASIODU, WOULD APPROVE CONFRONTATION WITH FOREIGN COMPANIES IN WHICH FMG CLEARLY IN VIOLATION OF CONTRACTS, OVER RELATIVELY UNIMPORTANT ISSUE OF DISPOSAL FO CRUDE. WE HAVE INDICATIONS THAT LOLOMARI, WHO HAS GENERALLY MISHANDLED ENTIRE QUESTION OF SALE OF FMG CRUDE OIL IN PAST FEW MONTHS HAS PROBABLY MADE SOME ILL- CONCEIVED PROMISES OF CRUDE OT NIGERIAN FIRMS AND FEELS THAT IF HE FAILS TO PRODUCE THIS TIME, IT WILL BE PERSONALLY EMBARRASSING. ALTHOUGH LOLOMARI CAN BE EXPECTED TO CONTINUE TO PRESS HIS ATTACK, WE BELIEVE ADVICE OF PHILLIPS' ATTORNEY IS ESSENTIALLY SOUND.

REINHARDT

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